

New Continental Oil Company

OF CANADA LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED AUGUST 31, 1969



A member of the DYNAMIC GROUP

ANNUAL REPORT

August 31, 1969

New Continental Oil Company OF CANADA LIMITED

(Incorporated under the laws of Alberta)

*A member of the Dynamic Group**

FEB 17 1970

DIRECTORS

ROBERT CLIVE BROWN, *Calgary*
FRANK BROWN, *Calgary*
ARCHIBALD PARK NEWALL, JR., *Calgary*

OFFICERS

ARCHIBALD PARK NEWALL, JR., *President*
FRANK BROWN, *Vice-President*
ERIC F. LOWICK, *Secretary*
ROGER D. PAUGH, *Treasurer*

HEAD OFFICE

210 - 736 - 8TH AVENUE S.W.
CALGARY 2, ALBERTA

AUDITORS

CLARKSON, GORDON & CO., *Calgary*

BANKER

THE ROYAL BANK OF CANADA, *Calgary*

REGISTRAR

GUARANTY TRUST COMPANY OF CANADA, *Calgary*

TRANSFER AGENT

GUARANTY TRUST COMPANY OF CANADA, *Calgary & Toronto*

SHARES LISTED

TORONTO STOCK EXCHANGE, *Toronto*

* The term "Dynamic Group of Companies" is used to refer to the following companies collectively: Permo Gas & Oil Limited and its subsidiaries, New Continental Oil Company of Canada Limited and Consolidated East Crest Oil Company Limited, together with affiliated companies, Dynamic Petroleum Products Ltd., Royal Canadian Ventures Ltd., Mill City Petroleums Limited, Crusade Petroleum Corporation Limited, Dynalta Oil & Gas Co. Ltd. and Dynamic Mining Exploration Ltd. (No Personal Liability). These companies are separate and distinct Canadian corporations having an interlocking directorate, interlocking share positions, common management and the same executive offices.

TO THE SHAREHOLDERS

SHAREHOLDER RELATIONS

We are pleased to present to our shareholders the annual report and financial statements of the company for the year ended August 31, 1969.

Your directors are very cognizant of the fact that the year 1969 has been a year of unusual interest and concern to our shareholders. Vast numbers of letters and inquiries have been received and answered dealing for the most part with a uranium discovery in northern Saskatchewan by Gulf Minerals Company and widely fluctuating prices in the open market trading of our speculative securities.

In our last annual report we indicated that our exploration activities would be largely directed towards the search for base and precious metals and in this regard our shareholders must realize and appreciate that while there are similarities between oil and mineral prospecting, there are even bigger differences. In the case of an oil discovery, and since oil is a liquid, you can determine quality immediately; you can, if you want, begin producing the oil right away and the extent of the discovery can generally be determined fairly quickly by the drilling of stepout wells. On the other hand in the case of uranium for example, particularly in a vein-type deposit, the grade of the mineralization can vary drastically in a matter of a relatively few feet. You have to drill a lot of holes to get an average and furthermore uranium doesn't flow to you - you have to go to it and you have to dig out every bit of it. For these reasons Gulf Minerals Company, a subsidiary of Gulf Oil Corporation, has been actively engaged since October, 1968 (when an exploratory hole was drilled in the Wollaston Lake area of the Province of Saskatchewan in which ore grade uranium mineralization was encountered) in determining the extent of the deposit and evaluation drilling is continuing. When Gulf has completed its studies pertaining to assured reserves, mine and mill feasibility, markets and other economic factors, its decision will be announced and at that time, but not before, will we be able to inform our shareholders.

The shares of the company traded in substantial volume on the Toronto Stock Exchange during 1969 and while this interest in our securities is gratifying, our shareholders must not look to the directors and officers of the company for an explanation of fluctuating market prices. We are very optimistic that our efforts in the mining industry, the uranium discovery in Saskatchewan and our overriding royalty interests in the Northwest Territories, etc., will materially affect the

future prosperity of the company and will eventually lead to some stabilization of prices in the open market trading of our securities. On the other hand, however, we cannot predict the extent or duration of opposing factors such as anti-inflation pressures, etc. We will continue to keep our shareholders informed as to important developments.

EXPLORATION

During the year under review the company, in co-operation with associated companies, has participated at little cost to itself in extensive widespread mineral exploration programs in the Provinces of British Columbia, Saskatchewan, Manitoba and in the Northwest Territories. These programs which are covered in greater detail elsewhere in this report have resulted in proving up additional reserves of ore around the Gulf Minerals Rabbit Lake uranium discovery, several new uranium prospects in the vicinity of, or on trend with, the Gulf Minerals Rabbit Lake discovery which are now being evaluated by diamond drilling; significant discoveries of uranium and other minerals in the Baker Lake region of the Northwest Territories, a significant discovery of porphyry type copper mineralization in the Barriere Lake area near Kamloops, British Columbia and in outlining numerous other mineral prospects in western Canada to be diamond drilled commencing early in 1970.

FINANCIAL

The operations of the company during the year resulted in a net profit of \$278,027 as compared with a net profit of \$52,979 during the preceding year. Working capital increased during the year from \$78,885 to \$345,488.

GENERAL

The directors wish to express their appreciation to the shareholders for their interest in the affairs of the company and to the employees for their loyalty and personal interest in our activities.

On behalf of the Board,

A. P. NEWALL, Jr.

President

February 2, 1970.

MINING EXPLORATION AND DEVELOPMENT

Following is a regional summary of the mining exploration and development ventures in which New Continental Oil Company of Canada Limited has participated during the year under review in co-operation with associated Companies. The various regions and areas are illustrated by maps throughout this report.

BRITISH COLUMBIA

In the Province of British Columbia the Dynamic Group of companies operates under the name of Royal Canadian Ventures Ltd. from an office in Kamloops. An active exploration program was continued in 1969 and several new properties were added to the companies' holdings. Activities have been largely centred around the Kamloops area and northward as far as the Babine Lake area where a total of 1,180 mineral claims are held by the Group in 23 separate properties of which 3 are scheduled for diamond drilling commencing in January 1970. The various properties are shown by areas on the map of British Columbia accompanying this report and following are more detailed particulars pertaining to certain of these areas. The company has a 14.3% working interest in these properties with the exception of areas 18, 23 and 24.

Areas 8 & 10

These two areas comprising a total of 32 mineral claims have been studied by geophysical, geological and geochemical surveys during the past summer and anomalous areas have been outlined. Present plans call for diamond drilling on both properties commencing in the month of January 1970. Both are considered copper prospects.

Area 19

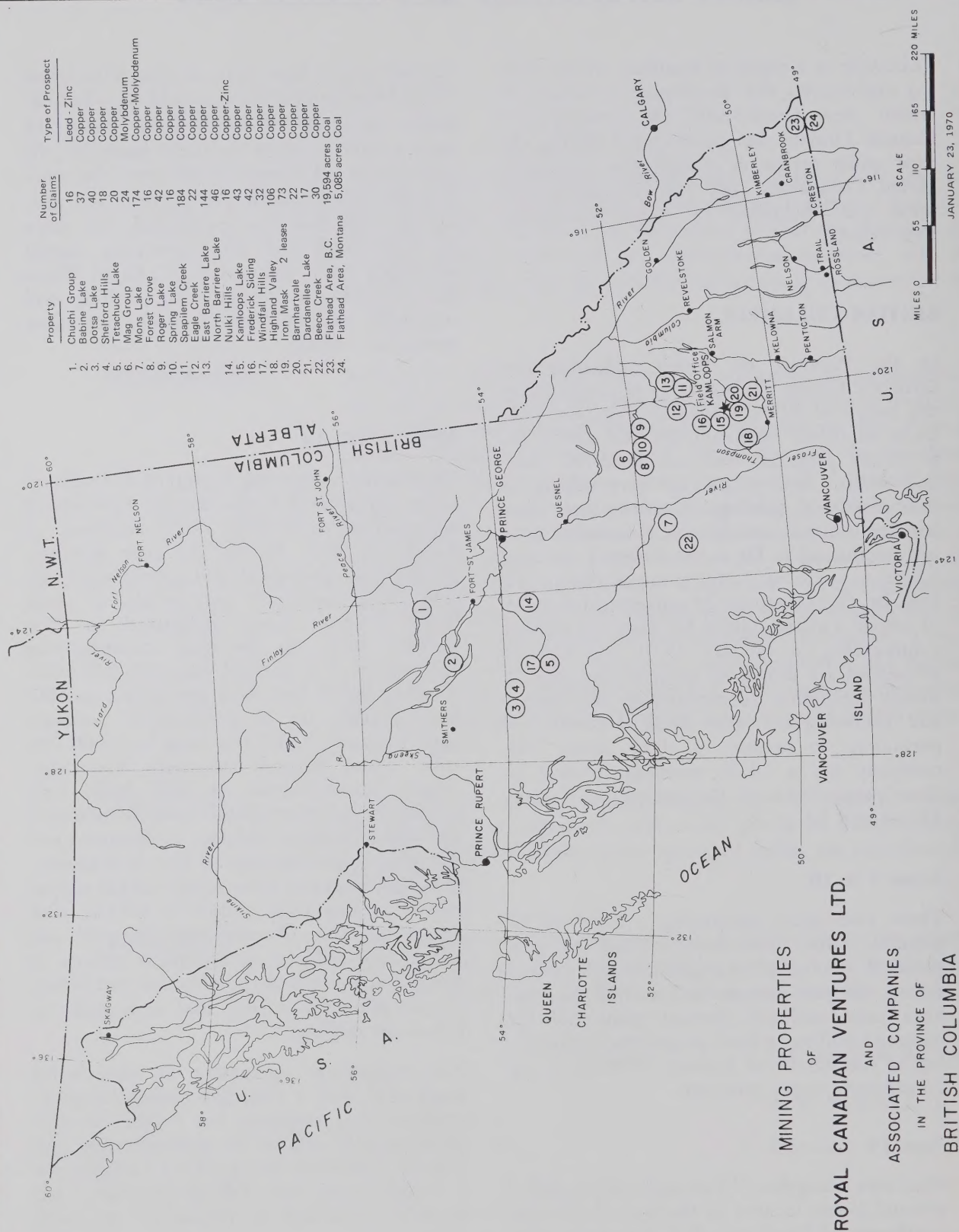
This area comprises 73 mineral claims and 2 mineral leases located in the Iron Mask area, southwest of Kamloops, B.C. An exploration

agreement has been entered into with Great Plains Development Company of Canada Ltd., under the terms of which Great Plains can earn a 60% interest in these lands by the expenditure of certain funds over the next 3 years. Geophysical, geochemical and geological work has been conducted over some of these lands and two interesting copper anomalies have been outlined. Great Plains has advised the Group that drilling will commence during January 1970 on these anomalous zones.

Areas 11 & 13

These areas comprising a total of 374 mineral claims are located in the Barriere Lake region approximately 50 miles north northeast of Kamloops, B.C. During the past summer, geophysical, geological and geochemical surveys were conducted on certain of these lands, namely those designated as East Barriere Lake on the map accompanying this report. Five vertical diamond drill holes totalling 2,200 feet were put down on 400-foot centres on a geochemical anomaly approximately 9,000 feet long by 2,000 feet wide. These showed extremely interesting copper mineralization in each hole. Two porphyry type mineralized zones are indicated, one approximately 100 feet in thickness and the other approximately 50 feet in thickness. Chemical assays of these zones yielded copper values ranging from 0.20% to 0.44%, with minor amounts of molybdenum, gold and silver. An induced polarization survey is planned to determine the direction and extent of the mineralized zone and as a guide to follow-up drilling.

An exploration agreement is now being negotiated with a Canadian mining company whereby that company has a right to earn up to a 51% interest in approximately 140 mineral claims of the total by carrying out an exploration and drilling program. This work is scheduled to commence in April, 1970.



MINING EXPLORATION AND DEVELOPMENT

NORTHWEST TERRITORIES

During 1969 the Dynamic Group initiated an active exploration program in the Northwest Territories and from this work the following programs are now in the final stages of preparation for 1970.

Nonacho Area

Some 300 mineral claims have been staked in this area and a work program is being carried out by Canadian Superior Exploration Limited who have the right to earn a 51% interest therein by the expenditure of certain exploration funds. An active exploration program consisting of geophysical, geological and geochemical studies has been undertaken this past summer and some drilling has been done. The winter's program, consisting of further geophysics and drilling commenced early in January 1970, and one drill is now on the site. The company owns 14.3% of the interest held by the Dynamic Group in these properties.

Baker Lake Area

In this area four mineral prospecting permits each containing approximately 165,000 acres are held by the Dynamic Group and partners. The location of the permits, the participants and their respective interests are shown on the map of this area accompanying this report. In addition, 75 mineral claims are held by the same participants.

Shallow test drilling on two anomalous areas has yielded very encouraging uranium results as well as base metals possibilities. One hole

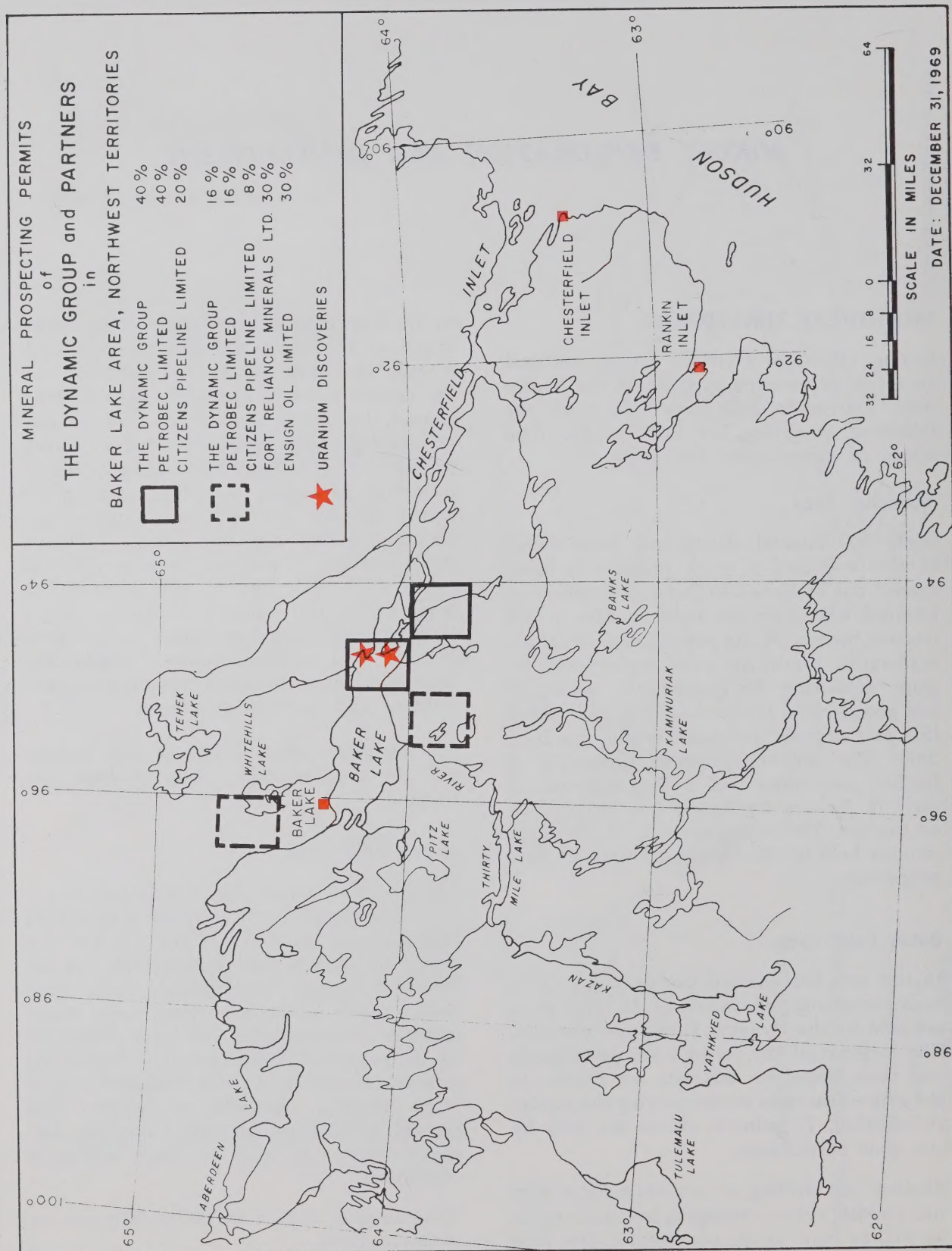
on the first anomaly averaged over its entire length of 46 feet, by chemical analysis, 1.54 pounds of U_3O_8 per ton. A drill hole on the second anomaly averaged over a 22 foot section, by chemical analysis, 6.76 pounds of U_3O_8 per ton. Several hundred anomalies remain to be investigated and a large program including geological mapping, geochemical and geophysical surveys, both airborne and surface, together with deep drilling on known mineralization is planned to commence in April, 1970. All work on this program has been under the control of A.C.A. Howe International Limited as consulting geologists in this area, while Scintrex Limited and Geoterrex have provided geophysical contracting and consulting services.

The company owns 14.3% of the interest held by the Dynamic Group in these properties.

Kazan Falls Area

The Dynamic Group has conducted an extensive airborne survey over the Kazan Falls region of the Northwest Territories and as a result of surveys and considerable ground follow-up, some 800 mineral claims have been staked on the anomalous areas where uranium mineralization has been delineated on the ground. The Group is now negotiating a farmout venture on these lands and a major work program consisting of airborne and ground geophysics, geological mapping and geochemistry, as well as deep drilling is envisioned.

The company owns a 14.3% working interest in this property.



MINING EXPLORATION AND DEVELOPMENT

SASKATCHEWAN AND MANITOBA

NORTHERN SASKATCHEWAN

Area 1

Since Gulf Minerals Company made their initial uranium discovery in late 1968, they have undertaken a multi-phase operation on the lands in which the Dynamic Group maintains a net profits interest. Both Gulf and ourselves are tremendously enthusiastic about the results obtained to date.

As a result of their 1968 exploration program, Gulf selected a site for a deep test which they drilled to in excess of 5,000 feet on one of the three permits located in the centre of the Athabasca Sandstone Basin. No information has been released as yet on the results of this test. The program for the eastern permits which contain in excess of 1,240,000 acres, was broken down into two parts - a general exploration program over the main portion of the lands and an exploration and development program on the discovery area now known as the Rabbit Lake deposit. The general exploration program is being conducted out of the Gulf City camp as an independent operation, with selected personnel experienced in modern geological and geophysical methods and the Rabbit Lake development is being conducted out of a new camp located at the deposit where modern permanent buildings have been constructed. Drilling on this deposit commenced in February, 1969 and continued with three drills on a 24-hour basis until the end of October, 1969 when drilling was suspended over the freeze-up period.

Initial drilling was done to determine the length of the ore body; however, when some 1,600 feet of strike length had been obtained, the program was changed to in-fill drilling to provide information for calculating ore reserves, ore grade, mining costs and other economic studies necessary to determine mine and mill feasibility. At the present time Gulf geological, geophysical and engineering personnel are actively engaged in studying and correlating the results obtained to date

on the Rabbit Lake ore body and in expediting the winter program which commenced on January 5, 1970. The program will allow drilling over water areas while they are frozen and will permit Gulf to further delineate the bounds of the present ore body. At the present time five diamond drills are in operation evaluating this ore body.

Independent of this operation, a winter drilling program was commenced on January 5, 1970, by Gulf Minerals on several of the uranium prospects located during the year as a result of the general exploration program. Three drills will be employed on this project during the winter program, each located on a separate prospect.

Shareholders will be kept advised as Gulf releases further details of its Rabbit Lake ore body and the scheduled exploitation thereof.

New Continental has a direct 12.5% interest in 20% of the net profits accruing under the terms of the Gulf Minerals agreement.

Area 2

This area comprises two mineral exploration permits held jointly by the Company and Royal Canadian Ventures Ltd. Under the terms of an agreement entered into with Westburne Petroleum & Minerals Ltd. (formerly Excel Petroleum Ltd.), a subsidiary of Westburne Industries Ltd., Westburne has acquired a 40% undivided working interest in each permit subject to their expending on each permit on or before December 31, 1972, the sum of \$850,000.00 by way of exploration and development. Royal Canadian Ventures Ltd. is the operator of this project. The company has a 20% working interest in this property.

Certain of the anomalous areas on these lands have been selected for a winter geophysical and drilling program which commenced on January 5, 1970 and one diamond drill is now on the property with further equipment to be added as required. The remainder of the airborne results not evaluated this year will be followed up in the normal 1970 mineral exploration program with diamond drilling to be conducted on anomalies

MINING EXPLORATION AND DEVELOPMENT

as they are prepared for drilling during the season.

The geophysical operations, both airborne and ground, were carried out by Scintrex Limited of Toronto who are our Geophysical Consultants for the projects. The geological operations were carried out by J.K.B. Booth and Associates of Toronto, who are our Geological Consultants for the project.

Area 3

This area comprises one mineral exploration permit held jointly by the Company and Royal Canadian Ventures Ltd. in which the Company has a 20% working interest. The exploration of this area was co-ordinated with that of Area 2 and contiguous lands in Area 4 of Northern Manitoba. The nature and extent of this exploration program has already been covered herein under Area 2.

Area 7

This area comprises three mineral exploration permits held in the name of Dynamic Petroleum Products Ltd. The company has a direct 12.5% interest in these permits which contain approximately 400,000 acres located on the southwest end of the Wollaston Lake fold belt.

During the summer of 1969 an airborne survey was conducted by Scintrex over these lands with electromagnetic, magnetic and spectrometer systems installed in a helicopter. Flight lines were flown at right angles to the strike of the formation on a quarter-mile spacing. During the same period our geological crews were on the ground checking anomalies as these became available and generally mapping the permits. Some radioactive anomalies were checked out on the ground with one showing as a prime prospect. Although time did not permit detailed evaluation of this prospect, surface sampling indicated uranium mineralization over considerable length and width. This prospect plus the remainder of the results from the 1969 airborne program are scheduled for evaluation during our 1970 exploration program.

Area 9

This area comprising 27,635 acres, lies in the Head Lake region, northwest of La Ronge, Saskatchewan, in proximity to a recently announced nickel discovery. Airborne magnetics and electromagnetics have been flown over these properties and further surface work on airborne anomalies is now being considered. The company has a direct 14.3% interest in this property.

NORTHERN MANITOBA

Area 4

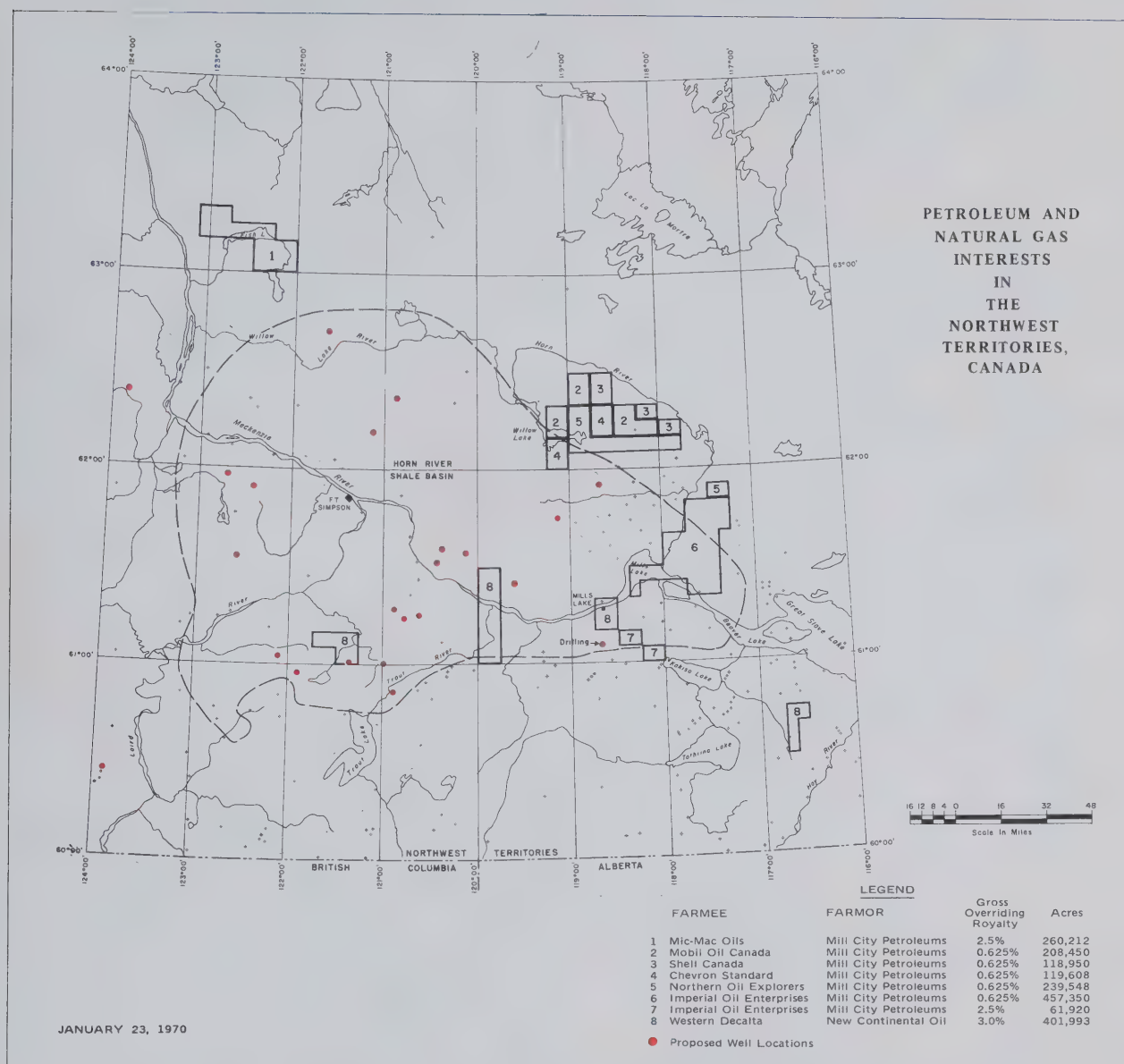
This area comprises four mineral reservations held by Royal Canadian Ventures Ltd., New Continental Oil Company of Canada Limited, Dynamic Petroleum Products Ltd. and Permo Gas & Oil Limited. The company has a 10% interest in this property. The exploration of this area was co-ordinated with the programs conducted on Areas 2 and 3.

Area 6

This area comprising 5 mineral reservations held by Dynamic Petroleum Products Ltd., Dynalta Oil & Gas Co. Ltd., Crusade Petroleum Corporation Limited and New Continental Oil Company of Canada Limited contains approximately 600,000 acres. The company has a 25% interest in this property.

Under the terms of an exploration agreement with Dynamic Mining Exploration Ltd. (No Personal Liability), an associated company, Dynamic Mining must spend \$150,000 on these lands to earn a 40% interest therein. During the latter part of 1969 an airborne survey was conducted by Scintrex over these lands and as a result of this survey, approximately 450 electromagnetic events were evidenced and included in 33 separate systems. Magnetic correlation was recorded in approximately 50 of these 450 conductive events. These conductors will be ground checked and ground geophysical surveys will be conducted during our 1970 work program. At the same time ground geological evaluation of the anomalies will be carried out. Drilling will be conducted as recommended thereafter.

PETROLEUM AND NATURAL GAS - AREA OF INTEREST



This map covering part of the Northwest Territories shows an outline of the Horn River Basin in the Fort Simpson area north of the Alberta border that is currently attracting a great deal of interest on the part of oil companies engaged in the field of exploration. Present indications are that 18 to 21 wells may be drilled in this Basin during this

winter's drilling season and locations for numerous of these have already been announced. Shown hereon are proposed well locations, currently drilling wells and areas 1 to 8 inclusive in which New Continental Oil Company of Canada Limited and Mill City Petroleum Limited have varying gross overriding royalty interests as indicated.



NORTHWEST TERRITORIES

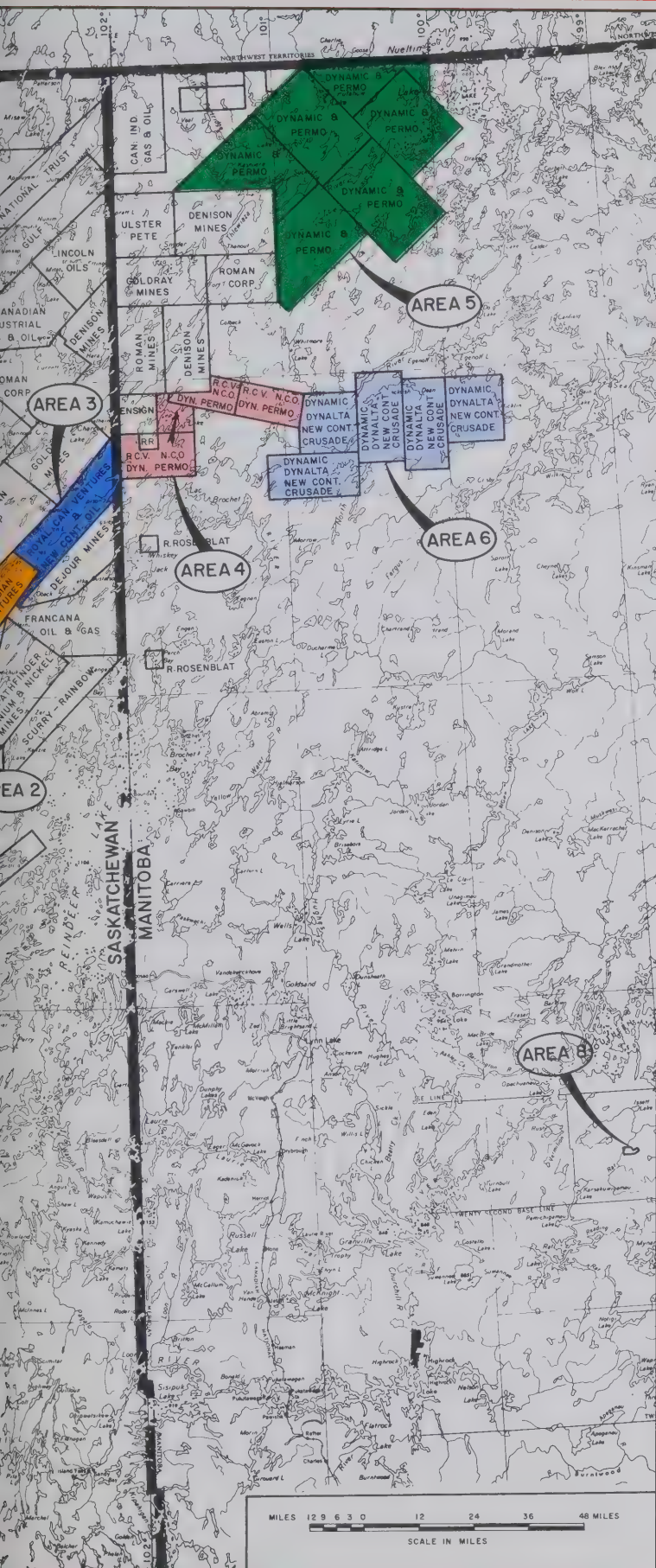
SASKATCHEWAN

ALBERTA
SASKATCHEWAN

AREA 1

AREA 7

AREA 9



WOLLASTON LAKE URANIUM AREA CANADA

AREA



GULF 80% AND THE DYNAMIC GROUP 20%

DYNAMIC PETROLEUM PRODUCTS LTD.
ROYAL CANADIAN VENTURES LTD.
MILL CITY PETROLEUMS LIMITED
CONSOLIDATED EAST CREST OIL COMPANY LIMITED
NEW CONTINENTAL OIL COMPANY OF CANADA LIMITED
CRUSADE PETROLEUM CORPORATION LIMITED
DYNALTA OIL & GAS LTD.



AREA OF COMMON INTEREST as defined under the Gulf - Dynamic Group Agreement - approximately 20,000,000 acres.



ROYAL CANADIAN 20%
NEW CONTINENTAL 20%
EXCEL PETROLEUMS LTD. 40%*
SCURRY-RAINBOW OIL LIMITED 20%**

*Subject to an expenditure of \$1,700,000 in a period of four years or less; otherwise the interest reverts to Royal Canadian and New Continental.

**Subject to the proviso that Scurry-Rainbow shall be obligated to assume and pay 60% of such additional expenditures up to a maximum of \$5,000,000.



ROYAL CANADIAN 20%
NEW CONTINENTAL 20%
SCURRY-RAINBOW 40%*
SCURRY-RAINBOW 20%**

*Subject to an expenditure of \$825,000 in a period of four years or less; otherwise the interest reverts to Royal Canadian and New Continental.

**Subject to the proviso that Scurry-Rainbow shall be obligated to assume and pay 60% of such additional expenditures up to a maximum of \$5,000,000.



ROYAL CANADIAN 10%
NEW CONTINENTAL 10%
DYNAMIC PETROLEUM 16%
PERMO GAS & OIL LIMITED 4%
SCURRY-RAINBOW 40%*
SCURRY-RAINBOW 20%**

*Subject to an expenditure of \$678,500 in a period of four years or less; otherwise the interest reverts to Royal Canadian and New Continental.

**Subject to the proviso that Scurry-Rainbow shall be obligated to assume and pay 60% of such additional expenditures up to a maximum of \$5,000,000.



DYNAMIC PETROLEUM 64%*
PERMO GAS & OIL LIMITED 16%*
SCURRY-RAINBOW 20%**

*Subject to Scurry-Rainbow having the option to earn one half of this interest in 1970.

**Subject to the proviso that Scurry-Rainbow shall be obligated to assume and pay 60% of such additional expenditures up to a maximum of \$5,000,000.



DYNAMIC PETROLEUM 25%*
DYNALTA OIL & GAS CO. LTD. 25%*
NEW CONTINENTAL 25%*
CRUSADE PETROLEUM 25%*

*Subject to the right of Dynamic Mining to earn a 40% interest by spending \$150,000.



THE DYNAMIC GROUP 87%
NEW CONTINENTAL 50%
ROYAL CANADIAN 50%
24 Mineral Claims

NOTE 1

The net profits interest retained by the Dynamic Group of Companies under the terms of the Gulf agreement before and after taking into consideration the inter-company share ownership, is shared approximately as follows:

	Direct Interest %	Approximate Indirect Interest in Inter-Company Shareholdings %	Total %
Dynamic Petroleum Products Ltd.	12.50	12.99	25.49
Royal Canadian Ventures Ltd.	12.50	5.00	17.50
Mill City Petroleum Limited	12.50	13.78	26.28
Permo Gas & Oil Limited	—	19.24	19.24
New Continental Oil Company of Canada Limited	12.50	3.57	16.07
Consolidated East Crest Oil Company Limited	12.50	0.26	12.76
Crusade Petroleum Corporation Limited	12.50	0.22	12.72
Dynalta Oil & Gas Co. Ltd.	12.50	0.25	12.75
	87.50	Totals not Applicable	

NOTE 2

Scurry-Rainbow Oil Limited acquired its 20% interest in the various agreements indicated in the legend for a consideration of 15,000 shares of Scurry-Rainbow or \$600,000, and also an undertaking by Scurry-Rainbow to assume and pay 60% of such additional expenditures as may be required up to a maximum of \$5,000,000 on each of the four agreements for a total of \$20,000,000 maximum.

NOTE 3

The permits on this map are in the names of the companies as shown and compiled from information believed to be reliable but not guaranteed.

These permits give the holder the right to explore for all minerals (including uranium) but excepting petroleum and natural gas, coal, and in Saskatchewan, those described as alkali minerals.

Average Permit size - 192,000 acres (300 square miles).

NOTE 4

Permits as at November 30, 1969.

New Continental Oil

(Incorporated under

BALANCE

AUGUST 31, 1969

ASSETS

CURRENT	1969	1968
Cash	\$ 3,081	\$ 117,396
Marketable securities - at cost (quoted market value 1969 - \$177,756; 1968 - \$49,104)	193,158	66,526
Accounts receivable	231,223	131,840
Advance to affiliated company	200,000	—
Materials and supplies - at cost	4,703	7,977
	<u>632,165</u>	<u>323,739</u>
DEPOSITS AND OTHER		
Operating and performance deposits	50,208	68,687
Special 5% refundable tax	—	14,447
	<u>50,208</u>	<u>83,134</u>
INVESTMENTS AND ADVANCES		
Shares of and advances to wholly-owned subsidiaries at cost less amounts written off (Note 1)	17,503	20,004
Shares of Dynamic Petroleum Products Ltd. - 1,025,000 shares at cost (quoted market value 1969 - \$2,808,500; 1968 - \$1,537,000)	2,215,000	2,215,000
Shares of Dynamic Mining Exploration Ltd. (No Personal Liability) - at cost	10,000	—
	<u>2,242,503</u>	<u>2,235,004</u>
PROPERTY, PLANT AND EQUIPMENT - AT COST		
Non-producing properties	199,963	223,959
Producing properties	376,338	376,338
Producing oil and gas wells	753,446	747,603
Production and other equipment	350,830	348,474
	<u>1,680,577</u>	<u>1,696,374</u>
Less accumulated depreciation and depletion	567,061	534,809
	<u>1,113,516</u>	<u>1,161,565</u>
	<u>\$4,038,392</u>	<u>\$3,803,442</u>

Company of Canada Limited

(In accordance with the laws of Alberta)

SHEET

(with comparative figures at August 31, 1968)

LIABILITIES

	1969	1968
CURRENT		
Accounts payable	\$ 186,577	\$ 207,354
Advances from parent company	100,000	—
Current maturities of bank loan	100	37,500
	<u>286,677</u>	<u>244,854</u>
BANK LOAN	100	150,000
Less instalments due within one year included in current liabilities	100	37,500
	<u>—</u>	<u>112,500</u>
SHAREHOLDERS' EQUITY		
Capital (Note 3) -		
Authorized - 10,000,000 common shares without par value		
Issued - 6,140,000 shares (1968 - 6,070,000) .	5,499,193	5,471,593
Deficit	1,747,478	2,025,505
	<u>3,751,715</u>	<u>3,446,088</u>
CONTINGENCY (Note 6)		
On behalf of the Board:		
ARCHIE P. NEWALL, Jr., Director		
R. C. BROWN, Director		
	<u>\$4,038,392</u>	<u>\$3,803,442</u>

See accompanying notes.

New Continental Oil Company of Canada Limited

STATEMENT OF INCOME AND DEFICIT

For the Year Ended August 31 1969

(with comparative figures for 1968)

	1969	1968
REVENUE		
Crude oil and natural gas sales, less royalties	\$ 75,002	\$ 100,791
Less production expenses	51,874	58,577
	<u>23,128</u>	<u>42,214</u>
Royalties	250,751	250,237
Equipment rentals	1,808	7,138
Interest and dividends	9,904	21,851
Other	921	—
	<u>286,512</u>	<u>321,440</u>
EXPENSE		
Administrative and general	81,945	41,491
Exploration and survey costs	59,897	94,158
Property carrying costs, lease rentals, etc.	7,361	28,244
Interest	10,110	8,329
Other	—	177
	<u>159,313</u>	<u>172,399</u>
CASH EARNINGS FROM OPERATIONS	<u>127,199</u>	<u>149,041</u>
DEDUCT		
Depletion	27,274	29,047
Depreciation	12,907	15,165
Abandonments -		
Petroleum and natural gas interests	20,449	26,716
Well development costs	2,130	162,308
	<u>62,760</u>	<u>233,236</u>
ADD		
Gain on sale of properties	199,702	144,578
Gain on sale of equipment	7,334	(7,404)
Gain on sale of securities	6,552	—
	<u>213,588</u>	<u>137,174</u>
NET PROFIT FOR THE YEAR (Note 5)	<u>278,027</u>	<u>52,979</u>
DEFICIT, beginning of year	2,025,505	2,078,484
DEFICIT, end of year	<u>\$1,747,478</u>	<u>\$2,025,505</u>

See accompanying notes.

New Continental Oil Company of Canada Limited

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended August 31, 1969

(with comparative figures for 1968)

SOURCE OF FUNDS	1969	1968
Cash earnings from operations	\$ 127,199	\$ 149,041
Sale of properties	205,599	199,052
Repayment of advance to parent company	—	82,026
Issue of shares on exercise of stock options	27,600	9,000
Repayment of advance to wholly owned subsidiary	2,500	—
Sale of securities	6,553	—
Special refundable tax	14,447	1,042
Decrease in operating and performance deposits	18,479	(4,076)
	<u>402,377</u>	<u>436,085</u>
APPLICATION OF FUNDS		
Petroleum and natural gas and mining interests	2,350	112,689
Well development costs, including dry holes	7,973	235,874
Production and other equipment - net	2,951	36,017
Bank loan net of amount included in current liabilities	112,500	(112,500)
Shares of Dynamic Petroleum Products Ltd.	—	715,000
Shares of Dynamic Mining Exploration Ltd. (No Personal Liability)	10,000	—
	<u>135,774</u>	<u>987,080</u>
INCREASE (DECREASE) IN WORKING CAPITAL	266,603	(550,995)
WORKING CAPITAL, beginning of year	<u>78,885</u>	<u>629,880</u>
WORKING CAPITAL, end of year	<u>\$ 345,488</u>	<u>\$ 78,885</u>

See accompanying notes.

New Continental Oil Company of Canada Limited

NOTES TO FINANCIAL STATEMENTS

August 31, 1969

1. SUBSIDIARIES

The Company's investment in subsidiaries, none of which are active, exceeds the aggregate net assets of the subsidiaries by \$15,972 at August 31, 1969.

2. ACCOUNTING POLICY

The Company's policy is to capitalize the acquisition costs of petroleum and natural gas and mining interests together with development costs thereon. Carrying costs and exploration expenses are charged against income as incurred. Acquisition costs of producing properties together with related development costs and production equipment are written off on a unit of production method based on estimated recoverable reserves. The costs of non-producing properties and unproductive development are charged against income in the year of abandonment.

3. CAPITAL

During the year the Company issued 70,000 common shares for \$27,600 cash upon the exercise of employee stock options.

130,000 shares of the Company's capital stock were reserved at August 31, 1969 for exercise of options granted to employees to purchase shares as follows:

60,000 shares at \$.30 per share exercisable on various dates to April 21, 1972.
30,000 shares at \$.50 per share exercisable on various dates to January 6, 1973.
40,000 shares at \$.56 per share exercisable on various dates to November 16, 1973.

4. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The Company bears a portion of the total remuneration paid to its directors and senior officers who are paid by an affiliated company. The amount of such remuneration allocated to the Company during the year amounted to \$23,799 and is included in administrative and general expense.

5. INCOME TAXES

For income tax purposes, the Company is entitled to claim drilling, exploration and lease acquisition costs and capital cost allowances (depreciation) in amounts which exceed the related charges against earnings. As a result, no income taxes are payable for the current year and, subject to the outcome of the income tax matter described in Note 6, at August 31, 1969 accumulated expenditures remain to be carried forward and applied against future income as follows:

Drilling, exploration and lease costs	\$300,000
Undepreciated capital cost	\$ 80,000

The Accounting and Auditing Research Committee of the Canadian Institute of Chartered Accountants recommends income tax allocation for all differences in the timing of deductions for tax and accounting purposes which originate in the financial years commencing on or after January 1, 1968. The Company does not believe that tax allocation in respect of drilling exploration and lease acquisition costs is appropriate and many other companies in the oil and gas industry in Canada are in agreement with this opinion. Accordingly, no provision has been made for deferred taxes on timing differences involving such costs. For 1969, capital cost allowances claimed will not exceed depreciation provided in the accounts. Opinion Number 11 of the Accounting Principles Board of the American Institute of Certified Public Accountants does not require tax allocation on timing differences arising from intangible development costs in the oil and gas industry at this time.

Had provision for deferred income taxes been made with respect to all differences in timing of deductions for tax and accounting purposes, the provision for deferred income taxes and the resulting decrease in the net profit for the year ended August 31, 1969 would have been approximately \$11,000. The accumulated income tax deferrals relative to all timing differences amount to approximately \$230,000 at August 31, 1969.

6. CONTINGENCY

Subsequent to August 31, 1969, the Department of National Revenue has indicated that it may make certain adjustments to the Company's income tax returns as filed in 1968 and prior years. The result of the proposed adjustments would be that income taxes of approximately \$250,000 including interest would become payable, of which \$244,000 would apply to 1967 and prior years, and \$6,000 to 1969.

The Company believes that the proposals of the Department are without merit and will contest any assessments that may be levied.

AUDITORS' REPORT

To the Shareholders of

New Continental Oil Company of Canada Limited

We have examined the balance sheet of New Continental Oil Company of Canada Limited as at August 31, 1969 and the statements of income and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, subject to the ultimate outcome of the income tax matters discussed in note 6 to the financial statements, these financial statements present fairly the financial position of the company as at August 31, 1969, the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CLARKSON, GORDON & CO.
Chartered Accountants.

Calgary, Alberta
November 6, 1969.

New Continental Oil Company of Canada Limited

ACREAGE HOLDINGS AT AUGUST 31, 1969

PETROLEUM AND NATURAL GAS INTERESTS

PRODUCING P&NG LEASES	ACREAGE	INT. %	FARMEE OR OPERATOR
Alberta			
Lochend	1,440	29.2308	New Continental
Lochend	160	15.8333	" "
Lochend	160	14.6154	" "
Rainbow	320	16.6666	" "
Rainbow	480	33.3333	" "
Saskatchewan			
Doddsland	960	100.	New Continental
	<u>3,520</u>		
UNITIZED			
Saskatchewan			
Eagle Lake Viking Voluntary Unit . . .	544	4.2222	Tract factor Imperial Oil Enterprises
P&NG LEASES			
Alberta			
Leduc	160	3.75	GOR Excel Petroleum Ltd.
Purple Springs	40	1.5	GOR Brett Oils Ltd.
British Columbia			
Milligan Creek	32,820	2.	GOR Union Oil of Canada
Milligan Creek	41,036	2.5	GOR Union Oil of Canada
	<u>74,056</u>		
NON-PRODUCING P&NG LEASES			
Alberta			
Cyn-Pem	7,837	10.53	Western Decalta Petroleum
Cyn-Pem	320	20.	Ashland Oil
Cyn-Pem	480	10.	Western Decalta Petroleum
Edson	1,760	20.	Mic Mac Oils
Lochend	3,072	29.2308	New Continental
Rainbow	480	33.3333	" "
Rainbow South	320	20.	" "
Virginia Hills East	5,755	25.	Canadian Superior Oil
Steele Lake	640	20.	Mill City Petroleum Ltd.
South Thurston Lake	3,520	25.	Gulf Oil Canada
Saskatchewan			
Bone Creek	320	33.3333	Canadian Superior Oil Ltd.
Southwest Saskatchewan	22,878	4.2456	Canadian Superior Oil Ltd.
Southwest Saskatchewan	320	25.	Canadian Superior Oil Ltd.
Doddsland	154	100.	New Continental
	<u>47,856</u>		
P&NG LEASES, RESERVATIONS, PERMITS			
Alberta			
Zama West	3,840	1.2	GOR Amoco Canada Petroleum
Conrad	1,600	3.	GOR Bozlan Oil
Lochend	640	3.	GOR Canadian Superior Oil
McGregor Lake	160	2.5	GOR Transalta Minerals
Red Coulee	1,760	2.	GOR Border Exploration
Red Coulee	320	4.	GOR " "
Red Coulee	480	1.	GOR " "
Savanna Creek	39,200	2.5	GOR Shell Canada
Purple Springs	280	1.	GOR Brett Oils Ltd.
Saskatchewan			
Cabri	477	.2083	GOR Anadarko Petroleum
Cabri	1,436	.1042	GOR " "
Cabri	798	.4167	GOR " "
British Columbia			
Toad River	35,920	.8333	NCI Amoco Canada Petroleum
Northwest Territories	544,529	3.	GOR Western Decalta Petroleum
	<u>631,440</u>		

Interest percentages, unless otherwise noted, are working interests.
 GOR - Gross Overriding Royalty.
 NCI - Net Carried Interest.

MINERAL INTERESTS

BRITISH COLUMBIA		NUMBER	INT. %	FARMEE OR OPERATOR
CLAIMS				
B Group		30	14.2857	Royal Canadian Ventures Ltd.
Babine Lake		28	"	" " "
Chuchi		52	"	" " "
Crescent Lake		4	"	" " "
Dardanelles Lake		18	"	" " "
Eagle Creek		40	"	" " "
East Barriere Lake		117	"	" " "
Forest Grove		16	"	" " "
Frederick Siding		36	"	" " "
Harper Creek		10	"	" " "
Iron Mask		68	"	" " "
Kamloops Lake		44	"	" " "
Mag		24	"	" " "
Mons Lake		174	"	" " "
Niskonliith Creek		32	"	" " "
Nulki Hills		16	"	" " "
Ootsa Lake		40	"	" " "
Roger Lake		42	"	" " "
Shelford Hills		18	"	" " "
Spring Lake		16	"	" " "
Tetachuck Lake		20	"	" " "
Windfall Hills		32	"	" " "
		<u>877</u>		
LEASES				
Iron Mask		<u>2</u>	14.2857	Royal Canadian Ventures Ltd.
SASKATCHEWAN		ACREAGE		
PERMITS				
Wollaston Lake	1,820,366	12.5% interest in 20% defined net profits interest	Gulf Minerals Company	
Wollaston Lake	555,800	12.5	New Continental	
Wollaston Lake (East & South)	345,000	20.	Westburne Petroleum & Minerals	
Wollaston Lake (North)	192,000	40.	Scurry-Rainbow Oil Limited	
CLAIM BLOCKS				
Head Lake	27,635	14.2857	New Continental	
CLAIMS				
Wollaston Lake	24 cl.	50.	Royal Canadian Ventures Ltd.	
MANITOBA				
RESERVATIONS				
Misty Lake	237,990	20.	Scurry-Rainbow Oil Limited	
Jackfish Lake	601,867	25.	Dynamic Mining Exploration	
NORTHWEST TERRITORIES				
PERMITS				
Baker Lake	337,010	5.7143	Petrobec Limited	
Baker Lake	333,960	2.2857	New Continental	
CLAIMS				
Hjalmar Lake	269 cl.	14.2857	Canadian Superior Exploration	
MONTANA				
COAL PROSPECTING PERMIT				
Flathead	5,085	10.	New Continental	

NEW CONTINENTAL OIL COMPANY OF CANADA LIMITED

Unaudited Report for the Six Months ended February 28, 1969
(With comparative figures for 1968)

STATEMENT OF INCOME AND EXPENSES

	1969	1968
REVENUE		
Crude Oil and natural gas sales, less royalties	\$ 37,929	\$ 49,296
Less production expenses	28,918	23,835
	9,011	25,461
Royalties	117,876	124,681
Interest and dividends	1,078	12,834
Other	1,158	2,902
	129,123	165,878
EXPENSE		
Administrative and general	40,103	19,940
Exploratory costs, lease rentals, etc.	28,580	59,824
Interest	5,263	-
	73,946	79,764
CASH EARNINGS FROM OPERATIONS	55,177	86,114
ADD		
Gain on sale of capital assets	7,984	126,660
	63,161	212,774
DEDUCT		
Abandonments		9,072
Petroleum and natural gas interests	-	17,097
Well development costs	130	33,500
Depletion and depreciation	16,350	59,669
	16,480	
NET PROFIT FOR THE PERIOD	\$ 46,681	\$153,105

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

SOURCE OF FUNDS		
Cash earnings from operations	\$ 55,177	\$ 86,114
Proceeds from sale of properties and equipment	7,126	183,287
Repayment of advance to parent company	-	82,026
Issue of shares on exercise of stock options	10,800	-
Other	1,103	-
	74,206	351,427
APPLICATION OF FUNDS		
Shares of Dynamic Petroleum Products Ltd.		715,000
Petroleum and natural gas and mining interests	564	112,011
Well development costs including dry holes	5,362	127,731
Production and other equipment	2,879	41,464
Increase (decrease) in performance deposits	21,708	(16,937)
Special refundable tax	-	1,737
Retirement of bank loan	21,875	-
	52,388	981,006
INCREASE (DECREASE) IN WORKING CAPITAL	21,818	(629,579)
WORKING CAPITAL, beginning of period	78,885	629,880
WORKING CAPITAL, end of period	\$100,703	\$ 301

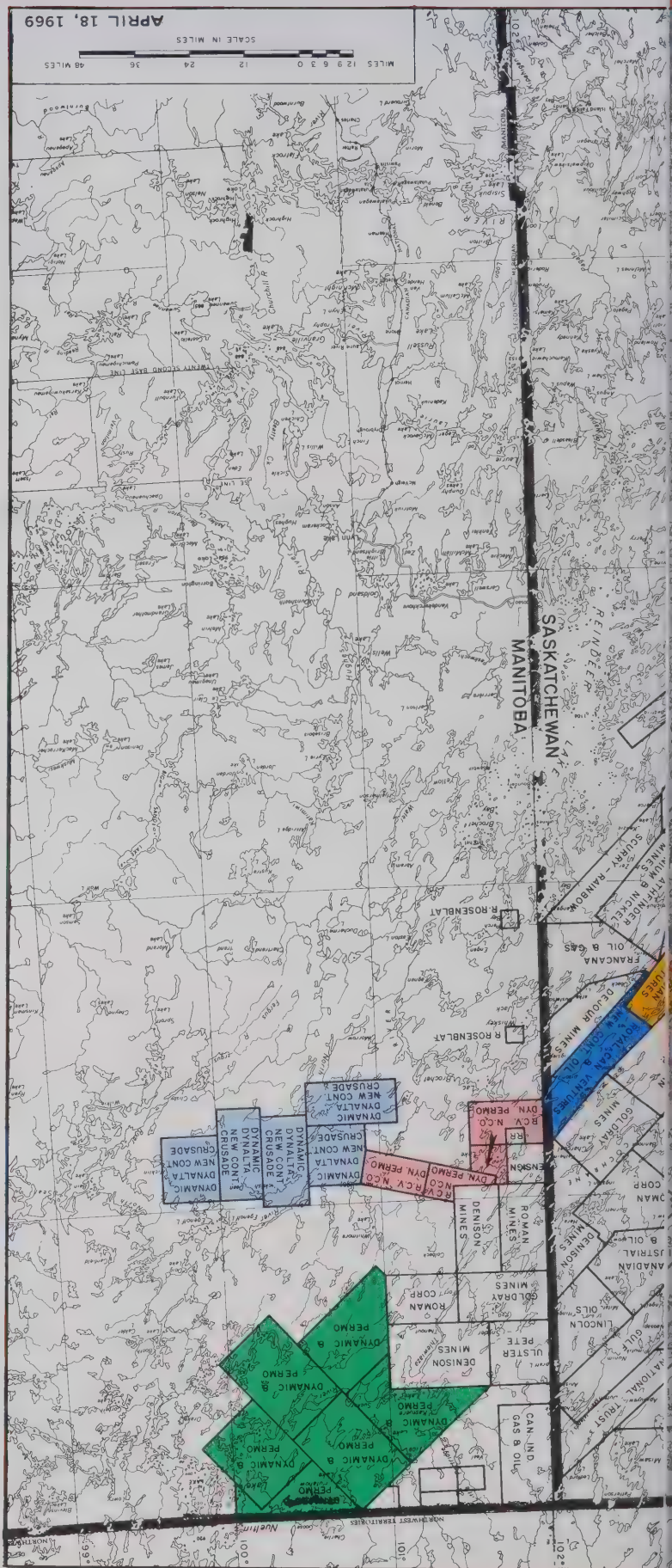
(subject to adjustment at year end)

NEW CONTINENTAL OIL COMPANY OF CANADA LIMITED



INTERIM REPORT

February 28th, 1969





TO THE SHAREHOLDERS:

JOINT MINERAL EXPLORATION PROGRAM

Saskatchewan

In February, 1969, Gulf Minerals Company re-entered the Wollaston Lake area with one drill to commence evaluating and to determine the extent of the highly promising Uranium discovery made in late 1968. To date additional holes have been drilled but the results have not as yet been made public; however, two more drills have been moved into the area to speed up evaluation.

Gulf has let a contract for the drilling of a deep test (3000' - 5000') on the three-permit group lying in the centre of the Athabasca Sandstone basin. This test should be commenced very soon with completion expected in June or July.

New Continental, as part of the Dynamic Group of Companies, shares in the discovery and all the permit lands totalling approximately 1,850,000 acres contained in the Gulf Agreement. These permit lands are shown in red on the accompanying map with interests fully set out in Note 1. Also shown on this map in red outline is the area of common interest with Gulf, encompassing some twenty million acres.

Of particular interest are the three Dynamic permits lying to the Southwest of the Gulf discovery and shown in light green on the map. These permits totalling approximately 570,000 acres are owned by the Dynamic Group and until recently were tied up until final negotiations were concluded with Gulf in re-establishing our area of common interest. Serious negotiations are now underway to complete a joint development agreement on these tracts. New Continental has a direct interest of 12½% in these lands.

In addition to the above, New Continental and Royal Canadian Ventures Ltd. hold three other permits and 24 minerals claims shown in yellow and dark blue on the map. An agreement covering the two permits shown in yellow has been entered into with Excel Petroleum Ltd., whereby Excel has acquired a 40% undivided working interest subject to their expending \$1,700,000.00 (\$850,000.00 on each) on or before December 31, 1972, by way of exploration and development. In addition, an agreement has been concluded with Scurry Rainbow Oil Limited whereby they acquired an undivided 20% working interest in these lands for a share or cash consideration and

TRADING RANGE
and VOLUME of SHARES of
NEW CONTINENTAL OIL COMPANY
OF CANADA LIMITED

Month	Low	High	Volume
May 1968	\$0.67	\$0.89	225,700
June	0.74	0.88	130,200
July	0.68	0.78	92,900
August	0.64	0.84	67,500
September	0.66	0.78	56,250
October	0.62	0.80	61,350
November	0.68	2.55	1,378,747
December	2.65	4.60	1,412,639
January 1969	3.60	4.50	302,853
February	3.15	4.20	189,351
March	3.35	5.60	488,755
April (1-18)	4.20	4.90	175,268

the proviso that after Excel has expended the above sum to earn its interest, Scurry will assume 60% of such additional expenditures on exploration and development up to a maximum of \$5,000,000.00.

An agreement covering the third permit, which is shown in blue on the map, has been entered into with Scurry Rainbow Oil Limited whereby they have the right to earn an undivided 40% working interest by expending the sum of \$825,000.00 on exploration and development during the next four years or less. A second agreement with Scurry has been concluded on this permit, whereby they have acquired an undivided 20% working interest for the same consideration as in the Excel Agreement, namely a share or cash consideration and the assumption of 60% of such additional expenditure on exploration and development up to a maximum of \$5,000,000.00.

The 24 mineral claims located in Wollaston Lake are owned 50-50 with Royal Canadian Ventures Ltd., and were staked as a result of very interesting and extensive copper shows found during our 1968 field program. These claims will be further evaluated this year.

Manitoba

New Continental, in association with certain other members of the Dynamic Group, has acquired an undivided 25% interest in 9 mineral reservations in the Northwestern portion of Manitoba. These reservations are broken into two groups and shown on the accompanying map in pink and light blue coloring. An agreement on the group of four reservations (shown in pink) has been made with Scurry Rainbow Oil Limited whereby Scurry can earn an undivided 40% working interest in these lands by expending \$678,500.00 on exploration

and development in the next four years or less. In addition, under a separate agreement, Scurry has acquired an undivided 20% working interest for a share or cash consideration and a proviso that after expending \$678,500.00 under the first Agreement, they will assume 60% of such additional expenditures on exploration and development up to a maximum of \$5,000,000.00.

Serious negotiations are now underway on a joint development agreement for the remaining five reservations (shown in light blue).

Northwest Territories

New Continental is participating with the Dynamic Group in two separate projects in the Northwest Territories. Late last fall staking was completed on an interesting Uranium showing and an option agreement has been entered into with a prominent U.S. oil corporation for further exploration of this area during this summer.

In the Baker Lake region, the Group recently acquired a major interest in approximately 375,000 acres of permits. This is a new potential uranium area and will be under active exploration this year by many prominent companies.

British Columbia

New Continental, in co-operation with other members of the Dynamic Group, is continuing an active mineral exploration program in British Columbia. Several new groups of mineral claims have been staked or acquired recently, and these together with former holdings give the Company direct interests in many potential mineral areas. Considerable geological and geophysical work has been conducted on many of the claim groups during the past two years with some properties now being scheduled for drilling later this year.

OIL AND GAS EXPLORATION AND DEVELOPMENT

New Continental has not engaged in any new oil and gas exploration projects in the past six months, as mining ventures have dominated the scene during this period. Geological evaluation of lands and new areas is being carried out continuously and capital will be committed to exploration and development at the appropriate time.

Respectfully submitted

On behalf of the Board of Directors,
ARCHIE P. NEWALL, JR., President

Calgary, Alberta
April 28, 1969

New Continental Oil Company of Canada Limited

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation by the management of New Continental Oil Company of Canada Limited (hereinafter called "the Company") of proxies to be used at the Annual General Meeting of the Shareholders of the Company to be held at the offices of the Company, 210, 736 - 8th Avenue S.W., Calgary, Alberta, on Friday, the 28th day of February, A.D. 1969 at the hour of 10:30 o'clock in the forenoon (M.S.T.) for the purposes set forth in the notice of the meeting accompanying this information circular. The costs incurred in the preparation and mailing of both the proxies and this information circular will be borne by the Company but the Company will not absorb any additional expense arising from this solicitation which is confined to the mailing of this information to registered shareholders. The information contained herein is given as of the date of the accompanying notice of meeting.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are Directors of the Company. The person or company submitting the proxy shall have the right to appoint a person to represent him or it at the meeting other than the person or persons designated in the form of proxy as submitted by the Company and such appointment may be exercised by the deletion or striking out of the persons so designated and inserting in the blank space provided in the proxy the name of the appointed representative, such deletion or striking out to be initialled by the person or officers signing such proxy.

Any person or company giving such proxy shall have the power to revoke such proxy at any time prior to the meeting providing such revocation is unconditional and signed and deposited with the Secretary of the Company or the scrutineers at or prior to the commencement of the said meeting.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will, in the absence of any instructions to the contrary, vote the shares in respect of which they are appointed, for the election of Directors as stated under that heading in this circular and for the appointment of auditors as stated under that heading in this circular. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting, provided that the Company is not aware, a reasonable time prior to the time this solicitation is made, that any such amendments, variations or other matters are to be presented for action at the meeting. At the time of printing this information circular the management of the Company knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

On the date of the accompanying notice of meeting the Company had outstanding 6,095,000 common shares without nominal or par value, the holders of which are entitled to one vote for each such share registered in their name. Holders of common shares of record at the time and date of the meeting are entitled to vote at the meeting. The register of transfers will not be closed.

Permo Gas & Oil Limited (parent company) is the beneficial owner of 3,452,433 shares representing 57% of the issued and outstanding common shares of the Company.

ELECTION OF DIRECTORS

The following are the names of the persons for whom it is intended that votes will be cast for their election as Directors pursuant to the proxy which is hereby solicited: Frank Brown, Robert Clive Brown and Archibald P. Newall, Jr. The term of office for each Director is from the date of the meeting at which he is elected until the annual meeting next following or until his successor is elected or appointed.

Information Concerning Nominees as Directors

<u>Name</u>	<u>Year first became a Director</u>	<u>Shares of the Company beneficially owned</u>
Frank Brown	1966	15,500
Robert Clive Brown	1966	14,400
Archibald P. Newall, Jr.	1966	500

Shares beneficially owned in parent company

<u>Name</u>	<u>Shares of Permo Gas & Oil Limited</u>
Frank Brown	1
Robert Clive Brown	1
Archibald P. Newall, Jr.	1

The above named nominees during the past five years have been Directors and/or Officers of associated companies, Mill City Petroleum Limited, Dynamic Petroleum Products Ltd. and Royal Canadian Ventures Ltd. When Mill City Petroleum Limited acquired effective control of Permo Gas & Oil Limited (parent company) in 1966 they were elected Directors of Permo Gas & Oil Limited and of its subsidiaries, New Continental Oil Company of Canada Limited and Consolidated East Crest Oil Company Limited. Archibald P. Newall, Jr. is President of the Company and Frank Brown is Vice-President.

According to information furnished by the respective Directors individually, they are collectively the beneficial owners of 29,919 shares of the capital stock of Mill City Petroleum Limited.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The Company bears a portion of the total remuneration paid to its Directors and Senior Officers who are paid by an associated company. The amount of such remuneration allocated to the Company during the year amounted to \$25,347 and in addition the sum of \$1,736 was allocated to cover pension or retirement benefits. These amounts are included in administrative and general expense in the Company's financial statements.

Pursuant to Stock Option Agreement dated April 21, 1966, Eric F. Lowick, Secretary of the Company, was granted an option to purchase 50,000 shares of the capital stock of the Company at a price of 30c per share, exercisable over five years commencing on or after April 21, 1967.

Option Exercised

By: Eric F. Lowick, Secretary

<u>Common Shares</u>	<u>Option Price</u>	<u>Date of Exercise</u>	<u>Price range 30 days preceding exercise</u>
10,000	30c	May 10, 1968	66c - 80c

At the date hereof 30,000 shares remain subject to the said stock option agreement.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Clarkson, Gordon & Co., Chartered Accountants, Calgary, Alberta, the present auditors, as auditors of the Company to hold office until the next annual meeting of shareholders. The said auditors were appointed auditors for the Company at the annual meeting of shareholders held May 28, 1965.

BY ORDER OF THE BOARD

E. F. LOWICK,
Secretary

DATED: January 27, 1969

NEWS RELEASE from New Continental Oil Company of Canada Limited
210 Fina Building, Calgary 2, Alberta

FOR RELEASE - AFTER
MARKET CLOSE - TUES-
DAY, OCT. 7/69

New Continental Oil Company of Canada Limited and its consulting geologists, A.C.A. Howe International Limited of Toronto have advised the Geological Survey of Canada under the requirements of the Atomic Energy Control Board Regulations, that it has made two uranium discoveries in the Baker Lake region of the Northwest Territories. The discoveries, both believed to be of hydrothermal origin and ore grade, are located on exploration Permit #109 and were uncovered by geologists of the consulting firm as a ground followup to an airborne radiometric survey carried out by Scintrex Limited.

The first discovery was made on an anomaly located in the Kazan Sandstone where initial prospecting and trenching has been completed and a Winkie diamond drill, a prospecting drill used for shallow testing, was employed to drill one hole at -45° at right angles to the structure to a depth of 46 feet. Chemical analyses over this 46 feet have yielded a continuous U_3O_8 content with an average of 0.077% (1.54#/Ton).

The second discovery was made on an anomaly located approximately 6 miles north of the first, and is associated with a geologic feature in the basement granitic complex. A radioactive zone has been delineated by prospecting, and some trenching has been done. A hole drilled at -45° at right angles to the structure to a depth of 36 feet with a Winkie diamond drill, yielded a chemical analysis of 0.338% U_3O_8 (6.76#/Ton) over a continuous 22 foot interval from 11 feet to 33 feet. A second hole on this anomaly 220' from the first was drilled at -45° at right angles to the structure and gave erratic readings over its 38 feet of depth, ranging from nil to 0.06% U_3O_8 (1.2#/Ton). A total of four holes were collared but one of these was abandoned after 11 feet. Mechanical problems were encountered with the drill and it has been removed from the project.

For assay purposes, a uniform 2' sampling interval was used throughout.

Both discoveries are highly encouraging because of their location on tidewater and its beneficial effect on the potential economic development of the area.

The group has interests in three additional prospecting permits in the area and additional anomalies are now being staked on lands lying outside the permit areas.

A large scale exploration and diamond drilling program is being planned to commence when weather conditions permit.

The project is 40% owned by the Dynamic Group, 40% by Petrobec Limited of Montreal, a subsidiary of Westburne International Industries Ltd. and 20% owned by Citizens Pipeline Limited, a wholly owned subsidiary of Lochiel Exploration Ltd. of Calgary.

A.P. Newall, Jr.
President

